

October 7, 2002

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of)	
)	
Petition for Rulemaking to Define "Captured")	RM-10522
and "New" Subscriber Lines For Purposes of)	
Receiving Universal Service Support,)	
Pursuant to 47 C.F.R. § 54.307 <i>et seq.</i>)	
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NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
PETITION FOR EXPEDITED RULEMAKING

REPLY COMMENTS of the
MONTANA TELECOMMUNICATIONS ASSOCIATION

The Montana Telecommunications Association (MTA) submits the following reply comments with regard to the petition for Expedited Rulemaking of the National Telecommunications Cooperative Association (NTCA). MTA represents both commercial and cooperative independent local exchange companies in Montana, serving over 21% of all access lines in the state. MTA members also provide a wide variety of other telecommunications services, including competitive local exchange (CLEC) services, wireless, long distance, dial-up and broadband Internet, statewide videoconference and broadband backbone services, among others.

MTA Supports NTCA's Request for Immediate Definition of "Captured Line"

NTCA and other commenters correctly identify an immediate problem in the rapid growth of the high cost universal service support fund. A significant portion of this growth is attributed to payment of duplicative support to multiple ETCs serving the same customers in common service areas. MTA therefore supports the intent of NTCA's petition:

to gain some control over the dramatically increasing size of the high cost fund. MTA fears that continued growth of the fund at the current rate threatens both the political and financial viability of the fund itself. If unchecked, the growth of the fund could generate a backlash that would undermine access to affordable telecommunications, and the network investment and consumer benefits that are derived from a financially and politically healthy universal service support system.

In short, NTCA raises legitimate concerns with regard to the immediate need to revise current rule treatment (or lack thereof) of captured lines. MTA agrees that an expedited definition of “captured lines” will help ensure that valuable support is not duplicated unnecessarily.¹

MTA Supports Verification of Customer Location

Current rules do not permit verification of location when wireless ETCs deliver universal service to customers. Use of a post office box or mailing address is a poor substitute for actual loop/line location. As such, the current location rules can be open to the potential for abuse.

In the State of Washington, for example, U.S. Cellular is receiving twice as much support (or more) as the incumbent carrier in several exchanges. In one exchange, U.S. Cellular reports nearly 5 times (4.83) as many lines as the incumbent, Ellensburg. While the incumbent’s annual support is \$111,443, U.S. Cellular’s support is \$540,680. There may be a perfectly rational explanation for this discrepancy between ETCs’ support received. But without accurate, verifiable information about U.S. Cellular’s line counts, costs, and quality of service, a rational explanation is illusory, at best.

MTA therefore concurs with NTCA’s request that a better means of accounting for customer location needs to be developed for determining wireless universal service support. For instance, the Commission could require a wireless carrier to verify signal strength at a customer’s reported physical address. Such verification would be subject to

¹ In this regard MTA is cognizant of the concerns about “unintended consequences,” raised by CenturyTel’s comments. It is important to avoid duplication of support. Similarly it is important to provide support where it is needed.

penalty of perjury, and subject to audit.

Longer-Term Problems Arising from Designation of Wireless CETCs need to be Addressed

While the comments from wireless carriers support the Commission's current rules, it is apparent that several additional problems are derived from designation of wireless competitive ETCs (CETCs) under the Commission's current rules:

- There is at least the potential for CETCs to reap a windfall under certain conditions from portability of support at the incumbent's rate without regard to the CETC's cost, technology or service structure. If a CETC's costs are substantially lower than an incumbent's, the difference between the ETC's support levels based on the ETC's costs, and the CETC's support based on the ETC's costs can provide an incentive for arbitrage.
- The current definition of universal service allows wireless CETCs to offer what qualifies as universal service at a far different level of quality than the incumbent's level of universal service offered. Current portability rules do not account for such a discrepancy in levels of service quality or consumer value.
- While portability at incumbents' support levels maintains a "level playing field" with regard to support amounts, it does not provide a level playing field with regard to service quality, customer benefit, technology/network platform, cost structure, equal access, regulatory burdens, etc. In this regard, MTA concurs with CenturyTel's comments that CETCs comply with the definition of "supported service," with regard, for example, to minimum local usage.

MTA also concurs with other parties who urge the Commission to proceed as soon as possible with a longer-term, "unified proceeding" that will engage in a comprehensive review and analysis of these issues and other matters raised regarding universal service and competition.

Conclusion:

NTCA's call for expedited resolution of issues raised by the lack of definition of "captured lines" and "customer location" deserves the Commission's full and immediate attention.

Respectfully Submitted,

/s/

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